

REMARKS

Claims 35-36, 38-51, 53-69, and 71-92 are pending in this application. Claims 1-34 were previously canceled in a preliminary amendment. By the amendments listed above, independent claims 35, 50 and 68 have been amended, dependent Claims 37, 52, and 70 have been canceled, and dependent Claims 84-92 have been added. The remarks below summarize several of the distinctions regarding the asserted combination of prior art references U.S. Patent No. 6,343,272 to Payne et al. (“*Payne*”), U.S. Patent No. 6,636,834, to Schirripa (“*Schirripa*”), and the publication “Methods of Loan Guarantee Valuation and Accounting” by Ashoka Mody and Dilip Patro (“*Mody*”) discussed with the Examiner in a telephonic Examiner interview conducted on December 20, 2006. Reconsideration of the application in light of the distinctions discussed during the Examiner interview, the above-listed amendments to the claims, and the following remarks is respectfully requested.

Claim Rejections Under 35 U.S.C. § 112

In the Office Action dated November 3, 2006, Claims 35, 50, and 68 were rejected under 35 U.S.C. § 112, second paragraph for two reasons. First, the Examiner contends that the phrase “substantially equal” renders the claims indefinite because the claims include elements not actually disclosed, thereby rendering the scope of the claims unascertainable, citing MPEP § 2173.05(d). (*See* November 3, 2006 Office Action, page 2). The Applicants respectfully contend that the use of the phrase “substantially equal” is acceptable, as indicated in MPEP § 2173.05(b)(D) (citing *Andrew Corp. v. Gabriel Electronics*, 847 F.2d 819 (Fed. Cir. 1988), where the court held that the limitation “which produces substantially equal E and H plane illumination patterns” was definite because one of ordinary skill in the art would know what was meant by “substantially equal”). Therefore, the Applicants contend that one of ordinary skill in the art would know what was meant by “substantially equal,” as used in Claims 35, 50, 68 and newly added Claim 88.

The second reason the Examiner rejected independent Claims 35, 50, and 68 under 35 U.S.C. § 112 second paragraph was that the phrase “upon the occurrence of a predetermined event” is allegedly inconsistent with the preceding claim terminology, and that the claim

language should disclose the outcome “if the amount credited based on the index-linked earnings is not equal to at least the annual guarantee” in addition to the outcome if the earnings are equal to at least the annual guarantee. (See November 3, 2006 Office Action, page 2-3). In response, the independent claims have been amended to include the functionality of “determining the occurrence of a predetermined event where the amount credited based on the index-linked earnings is not equal to at least the annual guarantee compounded over the term.” The Applicants contend that it is now unnecessary to amend the claim to specify the outcome if the amount credited based on the index-linked earnings is equal to at least the annual guarantee compounded over the term, since the determining step ensures that such an outcome would not occur in the claimed method.

As a result of the above amendments and corresponding remarks, the Applicants respectfully assert that the rejections to independent Claims 35, 50 and 68 based on 35 U.S.C. § 112 second paragraph have been fully addressed and overcome.

Claim Rejections Under 35 U.S.C. § 103(a)

In the Office Action dated November 3, 2006, Claims 35-83 were rejected under 35 U.S.C. § 103(a) as being unpatentable over *Payne* in view of *Schirripa* and *Mody*. The Applicants respectfully contend that such combination of the *Payne*, *Schirripa*, and *Mody* references does not render Claims 35-36, 38-51, 53-69, and 71-92 obvious. For the reasons stated below, not *Payne* nor *Schirripa*, nor *Mody*, nor the combination thereof teaches, suggests, or motivates current Claims 35-92.

A. Independent Claims 35, 50, and 68

Independent Claims 35, 50 and 68 of the Applicants’ pending patent application each require in some variation the use of an estimated cost of an annual guarantee when determining a hedged investment budget. As stated in the previous Office Action, the Applicants respectfully contend that while *Payne* discloses the administering of index-linked annuities/life-insurance policies with legally required guaranteed return rates, *Payne* does not teach or suggest an estimation of a cost associated with those guarantee return rates.

As stated in *Payne*:

Periodically, the participation rate is adjusted in order to keep earnings as stable as possible. The accumulated profit on the block of assets is compared with the target accumulated profit. If the actual profit exceeds the target, then the participation rate is increased for policies with anniversaries falling within the period. If actual profitability is less than target, then the participation rate for new issues and rollovers will be decreased.

(*Payne*, Col. 5, lines 12-19). Such adjustments to the participation rate on a periodic basis teach away from the use of estimating the cost associated with a guarantee because, in *Payne*, the risk associated with having a guaranteed return rate is managed (at least in part) by the periodic adjustments made to the participation rate of its new and existing policies. Therefore, in *Payne*, the cost associated with the guaranteed return rate appears to be ignored. In other words, in *Payne*, the risk associated with the stock market investments not outperforming the guaranteed return rate may be mitigated (or increased) by the periodic adjustments of the participation rate after a previous terms performance is evaluated.

In contrast, the claims of the Applicants' pending application require estimating a cost of the annual guarantee at the start of a term period, where the estimated cost of the annual guarantee accounts at least partially for the risk of the hedged investment not outperforming the annual guarantee. Therefore, while *Payne* may disclose an index-linked life insurance product having a guaranteed return rate, the *Payne* reference does not teach, suggest, or motivate the use of an estimated cost of an annual guarantee to account for the risk associated with having that guaranteed return rate.

In the Office Action of November 3, 2006, the Examiner contends that *Mody* teaches paying a fee for a guarantee and estimating the cost of the annual guarantee at the start of the term period where the estimated cost of the annual guarantee accounts at least partially for the risk. (See Office Action, page 4). The Examiner states that “[i]t would have been obvious to one skilled in the art at the time of the invention to have combined the insurance product of Payne with the fee for the guarantee of Mody as this feature would increase security for the issuing corporation.” (Office Action, page 4).

However, while *Mody* acknowledges that loan guarantees have a cost associated with them, *Mody* goes on to discuss how the value of a loan repayment guarantee *increases* with the time to maturity of the loan. (*See Mody*, pages 1 and 8). In the present invention described in the amended claims, the cost of the annual guarantee for the return on the index-linked investment actually *decreases* as the term length of the investment increases. Therefore, to further distinguish the present invention from *Mody*, the pending independent claims have been amended to require the term to have a term length of more than one year. Moreover, nowhere in *Mody* does it teach allocating at least a portion of the estimated cost of the annual guarantee to a risk fund, which is also required by the amended independent claims. In addition, newly added Claims 84-85 and 87-88 specifically require that the estimated cost of the annual guarantee decreases as the term length increases. Such requirements are not taught, suggested or motivated by *Mody*, nor its combination with *Payne* or *Schirripa*.

The Office Action of November 3, 2006, also states that it would have been obvious to one skilled in the art at the time of the invention to have combined the insurance product of *Payne* with *Schirripa* using funds from a risk fund to make payments that would be expected. (*See Office Action*, page 5). *Schirripa* discloses, generally, the need for insurers to maintain adequate financial reserves to make future annuity benefit payments. (*See Schirripa*, Col. 2, lines 14-15). However, the adequate financial reserves discussed in *Schirripa* are those required by insurance regulators to establish reserves, which reflect present value of future benefits less the present value of premiums. This is a standard financial reporting requirement for insurance companies. In contrast, the risk fund discussed in the pending claims is an account (or group of accounts) that is in addition to such required reserves, such as a surplus account.

Therefore, to eliminate the confusion between the adequate financial reserves mentioned in *Schirripa* and the present invention, the alternative use of “reserves” to increase the amount credited to be equal to the annual guarantee compounded over the term has been eliminated from the pending independent claims. Further, the independent claims have been amended to specify that “at least a portion of the estimated cost of the annual guarantee is allocated to [the] risk fund.” As a result, the present invention is further distinguished from *Schirripa*. For at least these reasons, *Schirripa* does not teach or suggest, among other things, the limitation of “upon

the occurrence of a predetermined event where the amount credited based on the index-linked earnings is not equal to at least the annual guarantee compounded over the term, using funds from the risk fund to increase the amount credited to be equal to or greater than the annual guarantee compounded over the term.”

For at least the above stated reasons, the Applicants respectfully assert that Independent Claims 35, 50 and 68 of the Applicants’ pending patent application are not rendered obvious by the combination of the *Payne*, *Schirripa*, and *Mody* references and are in condition for allowance for at least the reasons stated above. Further, dependent Claims 36, 38-49, 51, 53-67, 69, and 71-87 are allowable as a matter of law as ultimately depending from one of the independent Claims 35, 50 and 68, notwithstanding their independent recitation of patentable features.

B. Dependent Claims 39-41, 43-44, 56-57, 61-62, 73-75, 78-79

The Applicants further contend that the features disclosed in at least dependent claims 39, 40, 41, 43-44, 56-57, 61-62, 73-75 and 78-79 are not fully disclosed by *Payne*, *Schirripa*, or *Mody*, or the combination thereof. In general, these dependent claims further expand on the determination of the estimated cost of the annual guarantee, the use of the estimated cost of the annual guarantee, the association of the cost of the annual guarantee with the risk fund, the relationship between the term length and the estimated cost of the annual guarantee, etc. None of this functionality is disclosed by *Payne*, *Schirripa*, or *Mody*, or the combination thereof.

For instance, Claims 39, 56 and 73 are not disclosed by the *Payne*, *Schirripa*, or *Mody* references, as there is no teaching or suggestion in any of the references of an estimated cost of the annual guarantee that comprises an estimate of the funds for increasing the amount credited to the segment (or index-linked earnings) to approximately equal the annual guarantee compounded over the term. Moreover, Claims 40, 57 and 74 are not disclosed by the *Payne*, *Schirripa*, or *Mody* references, as there is no teaching or suggestion of historical analysis or back-casting to estimate the cost of the annual guarantee in *Payne*, *Schirripa*, or *Mody*.

Claims 43, 61 and 78 are also not disclosed by the *Payne*, *Schirripa*, or *Mody* references, as there is no teaching or suggestion of determining the hedged investment budget by, at least in part, deducting from the projected annual fixed income yield a product spread and the estimated

cost of the annual guarantee in *Payne*, *Schirripa*, or *Mody*. Additionally, Claims 41 and 75 are not disclosed by the *Payne*, *Schirripa*, or *Mody* references, as there is no teaching or suggestion in *Payne*, *Schirripa*, or *Mody* of having the estimated cost of the annual guarantee comprise an estimate of the funds for increasing the index-linked earnings to approximately equal to the annual guarantee compounded over the term, taking into account various features of the index-linked insurance product. Further, Claims 44, 62 and 79 are not disclosed by the *Payne*, *Schirripa*, or *Mody* references, as there is no teaching or suggestion of allocating the deducted estimated cost of the annual guarantee to the risk fund in *Payne*, *Schirripa*, or *Mody*.

C. Newly Added Claims 84-92

Claims 84-92 have been added. The Applicants respectfully assert that such claims are patentable over *Payne*, *Schirripa*, or *Mody*, individually or in combination, and such claims are in condition for allowance. Claims 84-85 and 87 are not disclosed by the *Payne*, *Schirripa*, or *Mody* references, as there is no teaching or suggestion of the estimated cost of the annual guarantee decreasing as the term length increases in *Payne*, *Schirripa*, or *Mody*. Dependent Claim 86 requires selectively resetting the participation rate of the segment at the end of each term period for the duration of the term.

Independent Claim 88 has been added and contains several of the novel features included in amended Claims 35, 50, 68 and newly added Claims 84-85 and 87, discussed above. For instance, Independent Claim 88 includes the limitations of a “term length greater than one year and wherein the estimated cost of the annual guarantee decreases as the term length increases.” Further, Claims 89-92 are dependent claims which specify further limitations to Claim 88. The Applicants also assert that each of the limitations of these added claims are supported by the description of the invention contained in the specification and its accompanying figures.

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AMENDMENT AND RESPONSE
TO OFFICE ACTION

CONCLUSION

The Applicants believe they have responded to each matter raised by the Examiner. Allowance of the claims is respectfully solicited. If there are any issues that can be resolved by a telephone conference or an Examiner's amendment, the Examiner is invited to call the undersigned attorney at (404) 853.8253. It is not believed that extensions of time or additional fees are required beyond those that may otherwise be provided for in documents accompanying this paper. However, in the event that additional extensions of time are necessary to allow consideration of this paper, such extensions are hereby petitioned under 37 CFR § 1.136(a), and any fee required therefor (including fees for net addition of claims) is hereby authorized to be charged to Deposit Account No. 19-5029.

Respectfully submitted,



William T. Cook
Registration No. 58,072

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SUTHERLAND ASBILL & BRENNAN LLP
999 Peachtree Street, N.E.
Atlanta, GA 30309
(404) 853-8000
(404) 853-8806 (fax)
SAB Docket No. 26548-0007